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C O N F I D E N T I A L SECTION 01 OF 02 ISTANBUL 000063

SIPDIS

DEPARTMENT, PLEASE PASS DOE FOR TILLER AND USAID FOR ICHORD

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TAGS: [ENRG](#) [AJ](#) [AM](#) [ENIV](#) [ENRG](#) [GG](#) [TU](#)

SUBJECT: CONTINUING U.S. ROLE IN ASSISTING BLACK SEA
REGIONAL ELECTRICAL TRANSMISSION

REF: 08 ISTANBUL 344

Classified By: Deputy Principal Officer Sandra Oudkirk; Reason 1.5 (d)

¶1. (SBU) Summary: Members of the ad hoc working group of experts on electrical networks (AHWGEEN) of the Black Sea Economic Cooperation (BSEC) welcomed U.S. assistance in assessing the capability for BSEC nations to engage in regional electricity transmission. On January 29 USAID Senior Energy Advisor Jamshid Heidarian and USEA Program Manager William Polen presented the results of the first phase and the objectives of the second phase to the AHWGEEN. Heidarian said that he wanted to host an experts/donors, conference in the fall to attract financial support for the project,s recommendations. Representatives from Azerbaijan and Turkey presented to AHWEEGN a potential joint project--with USAID and USEA support--for an energy corridor through Azerbaijan-Georgia-Turkey. End Summary.

¶2. (SBU) On January 29, Heidarian and Polen presented to AHWGEEN in Istanbul the accomplishments of Phase I of the Black Sea Regional Transmission Planning Project in Istanbul. Note: the BSEC Secretariat welcomed the first phase of the USAID/USEA project at an earlier AHWGEN meeting in June 2008, calling it &an exemplar8 (reftel) End Note. Polen told AHWGEEN a regional transmission working group was established to evaluate the networks, abilities to integrate with each other and the region. Eight national models were developed, 29 engineers were trained in steady state and dynamic modeling, and an inventory of 129 network reinforcement projects was presented. Analysis from Phase I found four weak points the network: 1) Between Georgia and Turkey in the winter and summer, 2) Turkey and Bulgaria in the winter, 3) Romania and Moldova in the winter and summer, and 4) Russia and Georgia and the winter and summer. Also, analysis from Phase I concluded the "southern Caucasus is the weakest region and the most unstable on the Black Sea network", particular the line between Hopa, Turkey and Batumi, Georgia.

¶3. (SBU) Polen said objectives of Phase II are to update the 2010 model to align it with confirmed infrastructural investments within the member countries. Also Phase II included additional scenarios, including a summer maximum peak load scenario reflecting changing energy consumption patterns within the region. Another objective of Phase II is to conduct training on financial and economic of national and regional transmission projects. The Phase II report should be released this summer, according to Polen.

¶4. (SBU) Heidarian reported to AHWGEEN that USAID will likely sponsor a donors and experts, conference in the fall to help finance many of the projects stemming from their recommendations. Heidarian told us in private that USAID was considering either Budapest or Istanbul for the site of the conference. Heidarian indicated the annual meeting of the IMF/World Bank scheduled to occur in Istanbul on Oct 4-8 might be fortuitous since many of the same people he would invite to the USAID conference would be in one place. He suggested to us the possibility of hosting the USAID conference within the same time period of the IMF/World Bank meeting.

¶5. (C) A potential USAID/USEA project was presented by Azeri representative Nurali Yusifbayli, to create an "energy-bridge" through Azerbaijan, Georgia, and Turkey (AGT). The construction of a joint Union for Coordinating of Transmission of Electricity (UCTE) synchronous zone between the three countries was considered a "medium-term perspective". Gul Okcan, Turkish Electricity Transmission Corporation (TEIAS) told AHWGEEN participants that meetings held between the three AGT counties and the USAID and USEA representatives went well earlier in the week and the project appeared to be going forward. Responding to questions from the BSEC Deputy Secretary General Altai Efendiev, Okcan was unsure if AGT should be a BSEC project. Polen told us in private that Armenia was purposely left out of the AGT since the Azeri government made it clear that they would walk away from the project if Armenia was included.

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¶6. (SBU) Comment: The Black Sea Regional Transmission Planning Project is an example of positive results from U.S. involvement into BSEC that also contributes to regional cooperation between Black Sea counties outside the margins of BSEC. The analysis conducted by USAID and USEA facilitated greater technical interaction between the BSEC counties, which contributed to the planning of an energy corridor that runs between Azerbaijan Georgia, and Turkey.
Wiener